

Message Text

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43

ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 PM-04 NSC-05 SS-15

DODE-00 PA-01 PRS-01 AGR-05 AGRE-00 /099 W

----- 041463

R 090718Z SEP 76

FM AMEMBASSY BUDAPEST

TO AMEMBASSY VIENNA

INFO SECSTATE WASHDC 6880

AMEMBASSY HELSINKI

USMISSION GENEVA

LIMITED OFFICIAL USE BUDAPEST 3104

E.O. 11652: N/A

TAGS: OCON, EEWT, GATT, HU, AU

SUBJ: AUSTRO-HUNGARIAN COMMERCIAL RELATIONS

1. FROM COUNTERPART IN AUSTRIAN EMBASSY COMATT HAS LEARNED THAT AFTER SOME 20 YEARS OF DISCUSSIONS MAGYARS HAVE FINALLY AGREED TO ALLOW SIX UNNATIONALIZED AUSTRIAN FIRMS STILL OPERATING IN HUNGARY TO REPATRIATE PROFITS TO WEST. FIRMS INCLUDE SPECIALITY STEEL MANUFACTURERS, A PAPER COMPANY AND A POPULAR CRYSTAL STORE. ALL WERE ESTABLISHED IN HUNGARY PRIOR TO WORLD WAR II AND MANAGED TO ESCAPE GENERAL NATIONALIZATION IN 1947. PROFITS, HOWEVER, HAVE BEEN HELD IN NON-INTEREST BEARING ACCOUNTS AT HUNGARIAN NATIONAL BANK. AUSTRIANS WERE APPARENTLY ABLE TO PROD MAGYARS TO ACTION BY THREATENING SLOWDOWN IN AUSTRIAN NATIONAL BANK EXCHANGE APPROVALS ESSENTIAL FOR NUMEROUS AUSTRIAN COOPERATION AGREEMENTS WITH HUNGARY.

2. ON MORE GENERAL SUBJECT SOURCE STATED MAGYARS VEXED BY TWO TO ONE ADVANTAGE AUSTRIANS ENJOY IN BILATERAL

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TRADE AND WISH TO SEE MORE EVEN BALANCE. MAGYARS ARE

THEREFORE EXPECTED TO PRESS HARD FOR SOME FORM OF
FINNISH-STYLE FREE TRADE ZONE WITH AUSTRIANS DURING
COURSE OF FOREIGN TRADE MINISTER JOZSEF BIRO'S CURRENT
ONE-WEEK VISIT TO AUSTRIA, THOUGH HIS HOSTS SEE LITTLE
TO BE GAINED BY SUCH AN ARRANGEMENT.
MUDD

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